County of San Mateo

Inter-Departmental Correspondence

Department: BOARD OF SUPERVISORS
DISTRICT 3
File #: 16-663 Board Meeting Date: 10/31/2017

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Supervisor Don Horsley, President of the Board
Supervisor Dave Pine, District 1

Subject: Revenue-Neutral Tax on Carbon-Based Fossil Fuels

RECOMMENDATION:
Adopt a resolution urging the United States Congress to enact a revenue-neutral tax on carbon-based fossil fuels. The request stipulates the tax rate should start low and increase steadily and predictably with the goal of reducing carbon dioxide (CO2) emissions in the United States to 80 percent below 1990 levels by 2050; that all tax revenue should be distributed to the general population to protect middle to low-income earners from the impact of rising prices due to the tax; that the tax be collected once, as far upstream in the economy as practical, or at the port of entry into the United States; and that the international competitiveness of United States businesses should be protected by using carbon-content-based tariffs and tax refunds.

BACKGROUND:
Greenhouse gas (GHG) emissions from human activities, such as the burning of fossil fuels, are causing rising global temperatures. The average surface temperature on Earth has been increasing steadily, with the sixteen hottest years ever recorded all occurring since 1998. The hottest of all years to date was 2016. In April 2017, the global atmospheric concentration of CO2 reached 410 parts per million, a level higher than has occurred in the past 3 million years. By 2100, the projected average global temperature will be 2 degrees Fahrenheit to 11.5 degrees Fahrenheit higher than the current average global temperature, depending on the level of GHG trapped in the atmosphere. As carbon dioxide remains in the atmosphere for hundreds of years, the increasing release of carbon dioxide exacerbates global warming, and threatens the very conditions which sustain human survival on the planet. In order to achieve climate stabilization and avoid cataclysmic climate change, climate scientists from around the world estimate GHG emissions must be brought to 80 percent below 1990 levels by 2050.

DISCUSSION:
Local and regional jurisdictions must press for national level policy solutions to global warming and

urge federal action to transition from fossil fuels to clean energy. One such solution would be the enactment of a revenue-neutral tax on carbon-based fossil fuels. A national carbon tax on fossil fuels would begin to correct the negative externalities missed by current pricing and efficiently and effectively reduce GHG emissions.

Citizens' Climate Education Corporation commissioned Regional Economic Models, Inc. (REMI) to complete a nation-wide macroeconomic study on the impact of a revenue-neutral carbon tax. REMI's study predicted such a tax would lead to a decrease in carbon dioxide emissions by 33 percent after ten years, with an increase in national employment by 2.8 million jobs, and an average dividend for a family of four of $288. REMI's study also showed that a carbon tax would reduce CO2 emissions by 33% in 10 years.

A national carbon tax on fossil fuels, based on the amount of carbon dioxide the fuel will emit when burned, can be implemented quickly and efficiently. The tax would be collected once as far upstream in the economy as possible or at the port of entry to the United States. The tax rate would start low and increase steadily and predictably with the goal of reducing carbon dioxide (CO2) emissions in the United States to 80 percent below 1990 levels by 2050,

By returning the revenue generated by the carbon tax in equal monthly dividends to all American households, approximately two-thirds of Americans will break even or come out ahead, as their dividends will match or exceed direct and indirect price increases due to the tax. In addition, by implementation of border adjustments such as carbon-content-based tariffs on countries without comparable carbon pricing and carbon tax refunds to American exporters, the international competitiveness of United States businesses will be protected. This new policy also would make the United States a leader in mitigating climate change, advancing clean energy technologies, and accelerating the reduction of GHG emissions.

California is already recognized as a leader in addressing climate change and is on track to meet the goals of the California Global Warming Solutions Act of 2006 (AB32) to reduce GHG emission to 1990 levels by the year 2020. The State has further established goals to reduce GHG emissions by 40 percent below 1990 levels by 2030 (SB 32), and to 80 percent below 1990 levels by the year 2050 (Executive Order S-3-05). San Mateo County's Climate Action Plan for Government Operations (adopted on September 11, 2012), and its Climate Action Plan for the Unincorporated Area of the County (adopted June 4, 2013) set targets of reducing emission by 15 percent and 17 percent below 2005 levels by 2020, respectively. The County is in the process of updating its climate action plans so that its emission reduction goals are consistent with the state's target of 40 percent below 1990 levels by 2030 and 80 percent below 1990 levels by 2050. Moreover, the County led the effort to create Peninsula Clean Energy which is now providing electricity throughout the county that is 80% GHG free.

A joint resolution of the California State Senate and State Assembly was chaptered September 1, 2016 to urge the adoption and implementation of a federal carbon tax and dividend. By adopting the proposed resolution, the San Mateo County Board of Supervisors affirms the critical importance of addressing both the negative impacts of climate change and the underlying causes of GHG emissions, and urges the United States Congress to enact a revenue-neutral tax on carbon-based fossil fuels and dividend.

FISCAL IMPACT:
No Net County Cost with the adoption of this resolution.